

**FLYER**

**051-78  
February 20, 1998**

**TO: Chief, HRMS**

**SUBJ: State Tax Withholding From Retirement Annuity Payments**

This flyer transmits Benefits Administration Letter (BAL) Number 98-101. The BAL announces North Dakota's agreement to participate in the Office of Personnel Management's state income tax withholding program. The BAL also provides information about Savings Bond purchases.

Questions about this flyer should be directed to your geographic area contact within the Customer Advisory and Consulting Group.

Customer Advisory and Consulting Group (051)  
Office of Human Resources Management  
VA Headquarters - Washington, DC



*United States*  
*Office of Personnel Management*  
*Retirement and Insurance Service*

**Benefits Administration Letter**

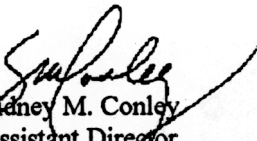
Number: 98-101

Date: February 10, 1998

**SUBJECT: North Dakota State Tax Deductions from Annuity Payments under the Civil Service and Federal Employees Retirement Systems**

This Benefits Administration Letter (BAL) announces the State of North Dakota's agreement to participate in the U.S. Office of Personnel Management's (OPM) program for withholding State income tax from payments under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Under the OPM program, CSRS and FERS annuitants contact OPM directly to request State income tax withholdings from their regular annuity payments instead of contacting their State revenue agency.

The attachment is an updated version of the Employee Information Sheet #7 from Chapter 40, "Planning and Applying for Retirement," of the CSRS and FERS Handbook, which may be reproduced locally.

  
Stanley M. Conley  
Assistant Director  
Office of Retirement Programs

Attachment

*Civil Service  
Retirement  
System*

*Federal Employees  
Group Life  
Insurance*

*Federal Employees  
Health Benefits  
Program*

*Federal Employees  
Retirement  
System*

## Employee Information Sheet #7

### **Information about Federal and State Income Tax Withholdings, Savings Bond Purchases and Deductions**

This sheet provides you with information on how to change the withholding rate for Federal income taxes from your annuity. It also tells you how to elect to have State income taxes withheld and/or start an allotment for Series EE U.S. Savings Bonds from your annuity. Because your income will probably be changed in retirement, you may not wish to have tax withholdings at the same rate as during your employment.

#### **Federal Income Tax Withholdings:**

Your annuity payments are subject to Federal income tax withholding. Unless you specify or change the amount of your withholding, Federal income tax is withheld from your monthly payments as though you are a married individual claiming three withholding allowances -- the rate required by law. At the time the Office of Personnel Management (OPM) processes your retirement application, they will send you instructions on how to start, change, or stop your Federal income tax withholding using their toll-free, automated telephone system.

#### **State Income Tax Withholdings:**

If you wish to have State tax withholdings from your annuity, you must contact OPM directly if your State participates in the withholding program administered by OPM. OPM is unable to make State tax withholdings for non-participating states.

Participating jurisdictions are: Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Indiana, Iowa, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Utah, Vermont, Virginia, West Virginia, and Wisconsin.

You must specify the monthly amount of State tax you want withheld. Deduction amounts must be in whole dollars. The minimum monthly amount OPM is able to withhold is \$5. Your State tax deductions will be reflected on notices of annuity adjustment mailed when payments change and will be included in your yearly statement (Form 1099R) used for income tax filing purposes.

### **Savings Bond Purchases and Deductions:**

The savings bond allotment program offers you the opportunity to purchase Series EE U.S. Savings Bonds in a manner similar to the payroll saving plan available to employees.

Savings bonds, in the amounts of \$100, \$200, and \$500, can be purchased through monthly annuity deductions. The purchase price is one-half of the face value of the bond, in full, each month. For example, the cost of a \$100 bond is \$50. No partial or installment payments will be accepted for bond purchases. Bonds may be purchased in the name of a single owner, with a co-owner, or to become payable to a beneficiary in the event of death. No more than two names may appear on a bond. You can name someone else as bond owner. Only one co-owner or one beneficiary may be named in addition to the bond owner.

For information about savings bond interest rates and redemption, you may contact the U.S. Department of the Treasury at the following address:

U.S. Savings Bonds  
Bureau of Public Debt  
Parkersburg, West Virginia 26106-1328

You can obtain information about savings bond interest rates by calling the Department of the Treasury at 1 800 4US-BOND.

### **Requests for Savings Bond and State Tax Deductions**

You will be notified when your payments are authorized about how you may begin to have these deductions taken from your regular annuity payments. State tax and savings bond deductions cannot be taken from interim payments. If you already receive regular annuity payments you may call **1 800 409-6528** to start, change, or stop savings bond and State tax deductions. A touchtone telephone is needed to access this system. When calling, you will need your "CSA" or "CSF" claim identification number and Social Security Number. If you need further assistance, call OPM's Retirement Information Office at **1 888 767-6738**.